



THE CALIFORNIA PUBLIC UTILITIES COMMISSION ADOPTED THE SETTLEMENT AGREEMENT BETWEEN THE DIVISION OF RATEPAYER ADVOCATES AND SOUTHWEST GAS CORPORATION REGARDING GENERAL RATE INCREASES FROM 2009 THROUGH 2013

On November 21, 2008, the Commission Issued Decision 08-11-048, Adopting the Settlement Agreement Between DRA and Southwest Gas Which Significantly Reduces the Utility's Proposed Revenue Increases for its 186,000 California Customers

- Southwest Gas (SWG) has gas operations in **Southern California** (Barstow, Victorville, Big Bear and Needles), **Northern California** (North Lake Tahoe and Truckee), and **South Lake Tahoe**. For 2009:
 - SWG requested a \$7.10 million (or 12.9%) increase for its 142,000 customers in Southern California, while DRA recommended a \$1.82 million (or 3.3%) decrease;
 - SWG requested a \$117,500 (or 0.7%) decrease for its 25,000 customers in Northern California, while DRA recommended a \$2.12 million (or 14.0%) decrease; and
 - SWG requested a \$2.11 million (or 52.2%) increase for its 19,400 customers in South Lake Tahoe, while DRA recommended a \$1.54 million (or 38.0%) increase.

As part of a comprehensive settlement reached in mid-August 2008 and filed with the Commission in mid-October, DRA and SWG agreed to a:

- \$2.44 million (or 4.4%) increase in 2009 revenues for the Southern California Division;
- \$1.04 million (or 6.8%) decrease in 2009 revenues for the Northern California Division; and
- \$1.82 million (or 45.1%) increase in 2009 revenues for the South Lake Tahoe District. To mitigate rate shock, the increase will be phased-in over 2 years.

- D.08-11-048 authorizes \$3.2 million in additional revenues for SWG beginning January 1, 2009, compared to the utility's request for an additional \$9.1 million in revenues:

Authorized 2009 Settlement Revenues Compared to:
(a) SWG's and DRA's Litigation Positions; and (b) 2008 Authorized Revenues
 (in Thousands of Dollars)

Jurisdiction (a)	2008 Authorized Revenues (b)	SWG 2009 Requested Revenues (c)	DRA 2009 Recommended Revenues (d)	Adopted 2009 Settlement Revenues (e)	Adopted 2009 Settlement Revenues Compared to SWG Request (f=e-c)	Adopted 2009 Settlement Revenues Relative to 2008 Authorized (g=e-b)
Southern CA	\$55,165.3	\$62,269.6	\$53,343.8	\$57,608.3	-\$4,661.3	\$2,443.0
Northern CA	\$15,178.1	\$15,060.6	\$13,055.3	\$14,142.9	-\$917.7	-\$1,035.2
South Lake Tahoe	\$4,040.1	\$6,147.3	\$5,576.4	\$5,863.2	-\$284.1	\$1,823.1
Total	\$74,383.5	\$83,477.5	\$71,975.5	\$77,614.4	-\$5,863.1	\$3,230.9

- To mitigate rate shock in the South Lake Tahoe District, the revenue increase will be phased-in over two years, with 75% of the increase (\$1.37 million) taking effect in 2009 and the remaining 25% (\$0.45 million) deferred until 2010.



How are the Residential Customers' Typical Winter Monthly Bills Impacted by the Commission-Authorized Revenue Changes in the Settlement Agreement?

- SWG's residential customers in the Southern California and Northern California Divisions will see decreases in their rates and in their monthly bills.

Typical Monthly Bill Comparison for Residential Gas Service – Winter Months¹

District	Average Monthly Use (therms)	Present Average Monthly Bill	2009 Average Monthly Bill	\$ Change	% Change
Barstow ²	57	\$87.49	\$86.80	-\$0.69	-0.8%
Victorville	65	\$99.07	\$98.49	-\$0.58	-0.6%
Big Bear	77	\$116.43	\$114.57	-\$1.87	-1.6%
Needles	25	\$41.18	\$40.52	-\$0.66	-1.6%
North Lake Tahoe	104	\$165.77	\$155.55	-\$10.22	-6.2%
Truckee	86	\$138.25	\$128.69	-\$9.56	-6.9%
South Lake Tahoe	95	\$97.79	\$107.31	\$9.52	9.74%

D.08-11-048 also Authorizes SWG to Increase Revenues by Approximately \$2.3 million per year During the Post Test Years, from 2010 through 2013

- Revenues for the Southern California Division will increase annually by 2.95% (averaging about \$1.78 million/year)
- Revenues for the Northern California Division will increase annually by 2.95% (averaging about \$436,000/year)
- Revenues for the South Lake Tahoe District will increase annually by \$103,000 (about 1.76%/year)

¹ Winter Months: Nov-Apr for Barstow, Victorville and Needles, and Oct-May for Big Bear, North Lake Tahoe, Truckee, and South Lake Tahoe.

² Although there is a revenue increase for the Southern California Division, its residential customers will experience a rate decrease in 2009. The reason for this is because higher forecasted sales volumes (usage) are used to set rates for 2009 compared to sales volumes that were used to set rates for 2008.